

# Senate File 301 - Introduced

SENATE FILE 301  
BY COMMITTEE ON ECONOMIC  
GROWTH/REBUILD IOWA

(SUCCESSOR TO SF 161)

## A BILL FOR

1 An Act relating to economic development by making changes to  
2 the administration of the save our small businesses fund and  
3 program and including effective date provisions.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 15.301, subsection 1, paragraph c, Code  
2 2011, is amended to read as follows:

3 c. (1) If, on March 31, ~~2011~~ 2013, there are unobligated  
4 moneys in the fund, such unobligated moneys shall revert to the  
5 general fund of the state.

6 (2) For each quarter, beginning with the first quarter after  
7 the reversion of moneys pursuant to subparagraph (1) and ending  
8 with the last quarter prior to the reversion of moneys pursuant  
9 to subparagraph (3), the department shall, on the last day of  
10 the quarter, transfer to the general fund of the state the  
11 balance of unencumbered moneys in the fund.

12 (3) On March 31, ~~2016~~ 2018, all moneys in the fund shall  
13 revert to the general fund of the state.

14 Sec. 2. Section 15.301, subsection 2, paragraph a, Code  
15 2011, is amended to read as follows:

16 a. The department shall establish and administer a program  
17 for purposes of providing financial assistance to eligible  
18 small businesses. For purposes of this section, "*financial*  
19 *assistance*" means loans at an interest rate not to exceed three  
20 and nine-tenths percent per annum and "*eligible small business*"  
21 means a small business meeting the requirements of subsection  
22 3. In administering the program, the department may negotiate  
23 the terms on which the financial assistance is provided and may  
24 include such terms in the loan agreements as are best designed  
25 to effectuate the program's goals. Such terms may provide for  
26 up to six months of interest-free financing.

27 Sec. 3. Section 15.301, subsection 2, paragraph e, Code  
28 2011, is amended to read as follows:

29 e. The department, under the terms of an agreement with  
30 ~~the~~ an organization designated pursuant to paragraph "b",  
31 shall begin to provide financial assistance from the fund not  
32 later than August 1, 2010, and shall to the extent practicable  
33 obligate all available moneys in the fund prior to March 31,  
34 ~~2011~~ 2013.

35 Sec. 4. Section 15.301, subsection 3, paragraph d, Code

1 2011, is amended to read as follows:

2 *d.* The business has a business plan and has received  
3 assistance in the development stage or the expansion stage from  
4 a one of the following:

5 (1) A small business development center ~~or from a.~~

6 (2) A qualified public or nonprofit small business  
7 consultant as defined by the department.

8 (3) A bank, credit union, or extension office deemed  
9 capable of administering the provisions of this section by the  
10 department.

11 Sec. 5. Section 15.301, subsection 5, paragraph c, Code  
12 2011, is amended to read as follows:

13 *c.* (1) An eligible business that receives financial  
14 assistance under this section shall not use such financial  
15 assistance for purposes of meeting payroll obligations to  
16 employees. However, the department may authorize an eligible  
17 business to use not more than twenty-five percent of the loan  
18 proceeds for purposes of meeting certain eligible operational  
19 expenses.

20 (2) The department shall by rule determine what expenses  
21 qualify as eligible operational expenses. In making such a  
22 determination, the department shall consider factors such as  
23 the availability and sufficiency of collateral, operational  
24 cash flow, credit history, and adequacy of insurance coverage.

25 Sec. 6. 2010 Iowa Acts, chapter 1184, section 43, is amended  
26 to read as follows:

27 SEC. 43. SAVE OUR SMALL BUSINESSES FUND APPROPRIATION.

28 There is appropriated from the school infrastructure fund  
29 created in section 12.82 to the department of economic  
30 development for deposit in the save our small businesses fund  
31 for the fiscal year beginning July 1, 2010, and ending June 30,  
32 2011, the following amount, or so much thereof as is necessary,  
33 to be used for the purposes designated:

34 For purposes of providing financial assistance under the  
35 save our small businesses program under section 15.301:

1 ..... \$ 5,000,000

2 Of the moneys appropriated pursuant to this section, the  
3 department may allocate an amount not to exceed two percent of  
4 the moneys appropriated for purposes of retaining the services  
5 of an organization designated pursuant to section 15.301,  
6 subsection 2, paragraph "b".

7 Notwithstanding section 8.33, moneys appropriated in this  
8 section that remain unencumbered or unobligated at the close of  
9 the fiscal year shall not revert but shall remain available for  
10 expenditure for the purposes designated.

11 Sec. 7. EFFECTIVE UPON ENACTMENT. This Act, being deemed of  
12 immediate importance, takes effect upon enactment.

13 EXPLANATION

14 This bill relates to the administration of the save our  
15 small businesses fund and program by the department of economic  
16 development.

17 The bill extends by two years the time period during which  
18 the department must obligate the funds available under the  
19 program, allows the department to negotiate the terms on which  
20 financial assistance is provided, directs the department to  
21 accept business plans from banks, credit unions, and extension  
22 offices, and allows the department to authorize up to 25  
23 percent of the loan proceeds for certain operational expenses.

24 Since the program has a statutorily defined schedule of  
25 reversions to the general fund, the bill amends 2010 Iowa Acts  
26 chapter 1184 to notwithstanding the reversion of programs moneys  
27 to the general fund at the close of the fiscal year pursuant to  
28 Code section 8.33.

29 The bill takes effect upon enactment.